MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

BAC 2654 – PUBLIC SECTOR ACCOUNTING

(All sections / Groups)

13 FEBRUARY 2023
9.00 a.m – 12.00 p.m
(3 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of **4** pages with **4** Questions only not inclusive the cover page.
2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Transparency International Malaysia (TI-M) has called for a probe into the multi-billion-ringgit Littoral Combat Ship (LCS) scandal. The anti-graft watchdog said there was no sight of the completed ships although RM6.083 billion had been paid to Boustead Naval Shipyard Sdn Bhd (BNS). "This is a major question mark as to the integrity, transparency and good governance of this project," said TI-M president Dr Muhammad Mohan.

On Thursday, the parliamentary Public Accounts Committee (PAC) revealed that the LCS project contract was awarded to BNS via direct negotiation, with the government paying RM6.083 billion, but not one LCS has been delivered. He said TI-M proposed that payments for the project be stopped until the LCS were delivered. TI-M urged the authorities to investigate all levels of contractors and subcontractors for the project to check if unnecessary, intermediary "dummy companies" were used to unlawfully "take a cut" from the deal. TI-M called for standard operating procedures to be put in place for mid-stream audits to be conducted for all public sector projects involving billions of ringgits.

Source: The New Straits Times (2022)

REQUIRED:

(a) Describe the concept of good governance in the Malaysian Government.
(5 marks)

(b) Discuss **TWO (2)** significance of good governance in relation to the issue presented in the above article.
(10 marks)

(c) Identify **TWO (2)** suggestions by TI-M and relate it to the integrity, transparency, and good governance in the government's project.
(10 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 2

(a) Listed below are financial statement items for Federal Government X for the year 2021

Items
1.Acquisition of Capital Assets
2.Compensations
3.Emolument
4.Debt Services
5.Gratuity
6.Government Investment Issues
7.Market Loans
8.Pension
9.Project Loan
10.Payment on Court Orders
11.Royal Allocation
12.Subsidies and Fixed Charges
13.Services and Supplies
14.Sukuk
15.Treasury Bills

Based on the list, classify all the above items according to:

(i) Charged Expenditure
(ii) Supply Expenditure
(iii) Internal Loan
(iv) External Loan

(15 marks)

(b) Determine **TWO (2)** objectives of accrual accounting related asset management in the Malaysian Public Sector.

(10 marks)

[TOTAL 25 MARKS]

Continued...

QUESTION 3

Cabinet members under Prime Minister Datuk Seri Ismail Sabri Yaakob's leadership have achieved a 90 per cent Key Performance Indicator (KPI) score for their first 100 days in office. Ismail Sabri said the 100-day "Aspirasi Keluarga Malaysia" (Malaysian Family Aspiration) involved the KPI of 31 ministries with 140 targets, which are counted together with the Key Happiness Outcome (KHO), introduced by the government to monitor the project's implementation. ***"Ministers are evaluated based on three elements: the performance of their respective ministries, their leadership and public perception of them.***

Source: The New Straits Times (2021)

REQUIRED:

(a) Describe on the concept of Key Performance Index (KPI) in the Malaysian Government

(4 marks)

(b) Discuss **TWO (2)** importance of practicing Key Performance Index (KPI) in the Malaysian Government.

(6 marks)

(c) Discuss your opinion about the relevance and appropriateness of the three elements used by the Malaysian Government in the evaluation of the ministers, as stated in the article above. You need to discuss each element separately.

(15 marks)

[TOTAL:25 MARKS]

Continued...

QUESTION 4

The government has been told to take corrective measures to control the continuous increase in high national debt. Auditor General Datuk Seri Nik Azman Nik Abdul Majid said gross government borrowings of RM217.201 billion in 2021 made the national debt increase to RM979.814 billion, an increase of 11.4 per cent compared from 2020 and 63.4 per cent of the gross domestic product (GDP). He said the situation that resulted in the increase in debt was understandable because last year, part of the loan was used to deal with Covid-19 and economic generation to help affected individuals and companies.

"This increase in debt cannot continue. This should only be a short-term measure, in our opinion, the government should take this as a temporary measure and take corrective action so that the increase in debt can be controlled and easily managed," he told reporters in Parliament after the Auditor General's Report on the 2021 Federal Government Financial Statement and 2021 State Government and State Agency Financial Statement was tabled today. Also present was Public Accounts Committee (PAC) chairman Wong Kah Woh.

Source: The New Straits Times (2022)

REQUIRED:

(a) Identify **TWO (2)** responsibilities of Auditor General with relates to the article.
(8 marks)

(b) Describe **THREE (3)** functions of Public Accounts Committee (PAC) with regards to the issue in the article.
(9 marks)

(c) Discuss **TWO (2)** Relationships between Public Accounts Committee (PAC) and Auditor General.
(8 marks)

[TOTAL 25 MARKS]

End of Paper